



Ron G. Crane
Idaho State Treasurer

LGIP Investment Statement of Understanding

Purpose

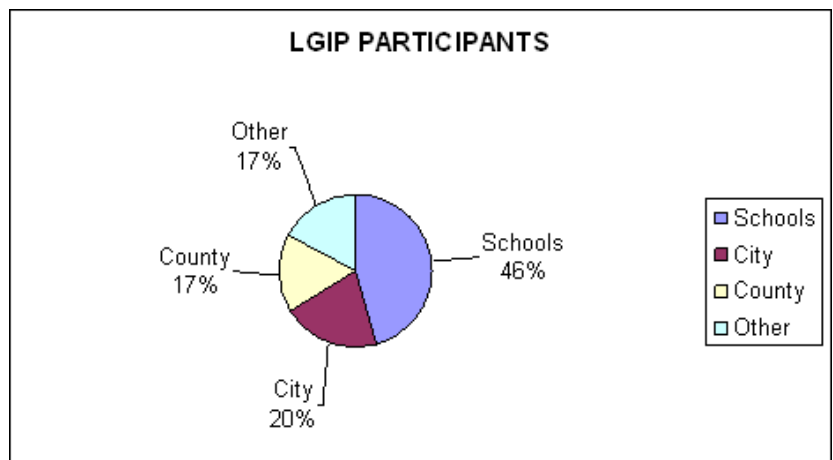
The Local Government Investment Pool “LGIP” is an investment pool with the primary purpose of providing a safe, liquid vehicle for investing idle funds and to obtain the best interest rate available at the time of investment.

Participant Accounts

The Pool is a voluntary investment vehicle for Public Agencies “Municipalities”. A Municipality can request to join the pool by submitting a completed application. This application must be approved by the Municipality’s governing board and signed by at least one authorized member of the board before submission to the State Treasurer.

Participation in the Pool is open to all political subdivisions, including (but not limited to):

- ~Cities, Towns, and Counties
- ~Public Retirement Systems
- ~Local Public Agencies
- ~Regional School Districts
- ~Public Health Districts
- ~Irrigation & Soil Conservation Districts
- ~Water & Sewer Districts



Once you have opened a fund with a New Application form, you may then open as many investment funds as you require. However, each additional fund requires a completed Additional Fund Application form. All new funds must be activated with an initial deposit at the time of inception, along with an original signature by a member of the board.

The bank and account number specified on the ACH authorization section of the application will control where contributions to the Pool and withdrawals from the Pool can be directed. In the event of a change in bank and/or account number for the Municipality, it is the Municipality’s responsibility to supply the STO with an ACH Authorization Agreement with updated information, and an original signature by a member of the governing board. This form must be received prior to withdrawal requests.

Each initial application should identify the contact person usually requesting transactions.



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"Public Agencies" are defined in the Idaho Code Section 67-2327.

Investment Objectives

The investment objectives of the Local Government Investment Pool are:

Preservation of Capital - This objective will be carried out with no exceptions.

Liquidity - Participants' cash needs will be met by maintaining a high level of portfolio liquidity invested in readily marketable securities.

Maximum Yield - The Pool will attain the highest possible yield consistent with the objectives of preservation of capital and liquidity.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Allowable Investments

The Pooled funds of the Local Government Investment Pool will be invested in accordance with Section 67-1210 and Section 67-1210A, Idaho Code.

Custodial Authority

According to Section 67-1301, Idaho Code, the State Treasurer is appointed and authorized to act as administrator responsible for managing the joint or cooperative investing of pooled funds.

Organizational Authority

According to Idaho Code Section 67-2328, the State Treasurer is authorized to combine the power, privilege and monies of local agencies jointly.

While the Pool purchases securities with the intention of holding them to maturity, it may liquidate early to maximize the total return on assets.

While the Pool invests in the high-grade instruments described in the above mentioned Idaho Codes, investments in the Pool are not without some risk.

Please refer to the Local Government Investment Pool home page for Idaho Code definitions.

Custodial Banks

Mellon Bank has been chosen as the Idaho State Treasurer's safekeeping agent for the current contract. All investment transactions are executed by Mellon Bank per written instructions. Key Bank is active in security



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lending on behalf of the Pool. All lendable investments are subject to a negotiated contract with stringent regulations protecting the Pool investments.

Interest and Yields

The LGIP distributes and reinvests all interest accrued during any given month effective on the last day of each month.

The interest rate or Current Yield is calculated by the following formula:

Accrued Earnings received divided by actual days in the period, times 365 days in the year, divided by the Average daily invested balance during the period.

Administrative Fee

The Administrator of the Pool shall charge a service fee. The fee is the cost to operate the Pool for the month. Historically, the total earnings for each Municipality have been decreased by 2.5 to 4.5 basis points.

Audit Confirmations

All audit confirmations from Municipality auditors should be directed to:

Idaho State Treasurer, Ron G. Crane
Local Government Investment Pool
Room 102 Statehouse, P. O. Box 83720
Boise, Idaho 83720-0091

The Municipality name, fund number(s), and amounts to be confirmed should be listed on the confirmation. It is the policy of the Local Government Investment Pool to confirm only the balance of the pool, the current earnings accrued, and the current yield for the final month of the Municipality's fiscal year. All other information including monthly earnings and rate of interest can be found on the LGIP monthly statements for each individual investment pool fund.

Closing a Fund

The Municipality may close a fund at any time and should complete a Fund Inactivation Authorization Form, signed by a member of the governing board, and mailed to the State Treasurer's Office, to affect a closure. Five working days are necessary to complete the inactivation process. Current Earnings Accrued will be paid out effective month end. Municipalities must submit the completed Fund Inactivation Authorization Form prior to the end of the month for inactivation to occur within that month.

Business Days

The State of Idaho's business day, for accounting purposes, is from 10:30 A.M. to 10:30 A.M. the following day. To allow for processing, a cutoff time of 10:00 A.M. has been set by the State Treasurer for deposit confirmation from any bank or same day transactions, such as wire withdrawals.



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The working hours for the State Treasurer's Investment Pool are 7:00 A.M. to 12:00 P.M., and 1:00 P.M. to 4:00 P.M. Mountain Time, Monday through Friday except holidays.

Statements

A monthly Statement of Account for each fund and an Investment Portfolio Summary report shall be provided by the State Treasurer's Office, mailed out approximately the 5th day of each month for the month just ended.

The Statement of Account shows any contributions into and withdrawals out of the fund, any interest reinvested into the fund on the last day of the month, and account summary information. The Municipality is responsible for reviewing the Statement for accuracy, and if there are any questions, the LGIP Administrator should be contacted.

The Investment Portfolio Summary report shows the types and amounts of each investment category owned by the Pool.

Voice Messaging

The pool has 24-hour voice messaging for the convenience of its members. Upon arrival each business morning, any messages will be retrieved and transactions initiated as requested. Voice messages left during business hours will be retrieved in a timely manner. All withdrawals will be considered next day no fee ACH transactions unless otherwise specified. Voice messages will not be confirmed by a call back. For confirmation of transactions, please use the STO E-Bank website, or speak only directly to the LGIP Administrator.

Procedures for Withdrawals from the Investment Pool

Access the STO E-Bank at - <https://ebank.sto.idaho.gov/> - instructions and sign on information will be supplied upon opening an LGIP Fund.

Or, the Municipality shall contact the Local Government Investment Pool Administrator by telephone (208) 332-2980 or (800) 448-5447 for withdrawals and provide the following information:

- ~ Municipality's pool/fund number
- ~ Amount of withdrawal
- ~ Date the ACH Withdrawal is to be made

All funds withdrawn from the Pool will be in the form of ACH (Automated Clearing House) Withdrawals or Wire Withdrawal + fee.

Withdrawal requests over ten million must be requested at least three days in advance.

ACH Withdrawals are electronic transfers made from your LGIP Pool Fund into your designated checking or savings account per your application on file.



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Your ACH Withdrawal will be received by your designated financial institution the next business day if requested before 2 P.M., Mountain Time, or 1 P.M., Pacific Time. ACH Withdrawals requested after 2 P.M., Mountain Time, or 1 P.M., Pacific Time, will be deposited into your financial institution on skip business day. Wire Withdrawal + fee are transfers requested after 2 P.M., Mountain Time, or 1 P.M., Pacific Time, that will be wired through the Federal Reserve into your designated financial institution the next business day and a wire fee of \$10.00 (our wire cost) will be deducted from your Pool account.

Withdrawn funds shall then be deposited only to your designated account. A designated account is the bank account specified originally on the Local Government Investment Pool application or on an updated ACH Authorization Agreement Form signed by a member of the governing board. It is the Municipality's responsibility to confirm all deposits into their account with the bank. If a problem occurs, the Municipality will notify the Pool Administrator the same day. A new ACH Authorization Agreement Form with the original signature of a member of the Municipality's governing body is necessary to change an authorized bank and/or account number. The form containing any and all updated information including original signature, must be received by the Treasurer's office prior to a withdrawal transaction to a new account.

Procedures for Contributions into the Investment Pool

Access the STO E-Bank at - <https://ebank.sto.idaho.gov/> - instructions and sign on information will be supplied upon opening an LGIP Fund.

Or the Municipality shall contact the Local Government Investment Pool Administrator by telephone (208) 332-2980 or (800) 448-5447 for contributions and provide the following information:

- ~ Municipality pool/fund number
- ~ Amount of contribution
- ~ Date the ACH Contribution is to be made

Funds contributed to the Pool will be in the form of ACH (Automated Clearing House) Contributions.

ACH Contributions are electronic transfers made into your LGIP Pool Fund from your designated checking or savings account per your application on file.

Your ACH Contributions will be deducted from your designated financial institution the next business day if requested before 2 P.M., Mountain Time, or 1 P.M., Pacific Time. ACH contributions requested after 2 P.M., Mountain Time, or 1 P.M., Pacific Time, will be activated on skip business day. It is the municipality's responsibility to confirm transactions occur to their designated bank as requested.

The State Treasurer's Investment Manager shall invest any idle funds of the Municipality on the effective business date when receipt of said monies is received as provided herein. Interest shall accrue beginning on the day of investment, but shall not accrue for the day of the withdrawal.